GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:904
ANSWERED ON:29.07.2005
TAX EVASION BY FOREIGN BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether certain foreign banks/companies operating in the country are not showing their actual income and are thus evading large tax;

(b) if so, the actual income bank/company-wise pertaining to the Financial Year 2003-04 and 2004-05;

(c) the amount of direct taxes paid by them and the amount outstanding against each; and

(d) the steps taken by the Government to recover the outstanding amount and to ensure that these banks/companies pay their taxes regularly?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c): Instances of evasion of tax by foreign banks/companies come to the notice of Income Tax Department during the course of investigation. However, the Department does not maintain a central database of such instances. For detail of the company-wise actual income and taxes paid and outstanding, individual case-records would have to be examined, involving substantial time and effort, which may not be commensurate to the purpose sought to be achieved.

(d): Legal steps for recovery of tax, including issue of notice, attachment of bank accounts, attachment and sale of immovable property, etc. are taken to recover the outstanding dues of the foreign banks/companies. The payment of tax by such companies is closely monitored and in suitable cases, the returns of the companies are scrutinized to ensure proper compliance with the tax laws.